

## FY 2016 Budget Presentation

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# Our airports are economic engines that connect Houston with the world

## Our Mission

*"We exist to connect the people, businesses, cultures and economies of the world to Houston."*

## Our Vision

*"We seek to become a high performance organization that establishes HAS as the standard of excellence and success in the Americas."*

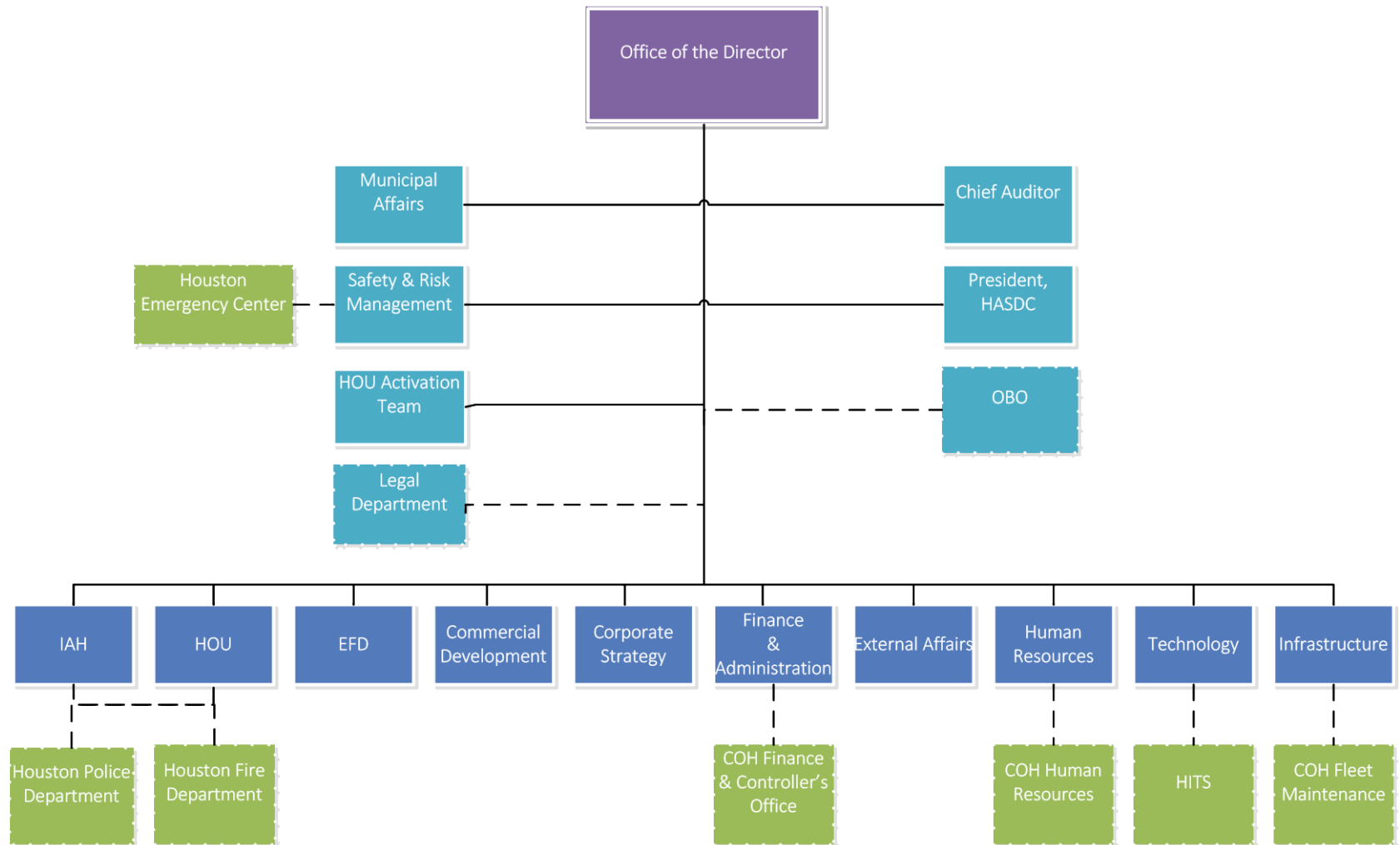


# Our strategy aligns with the City's strategy



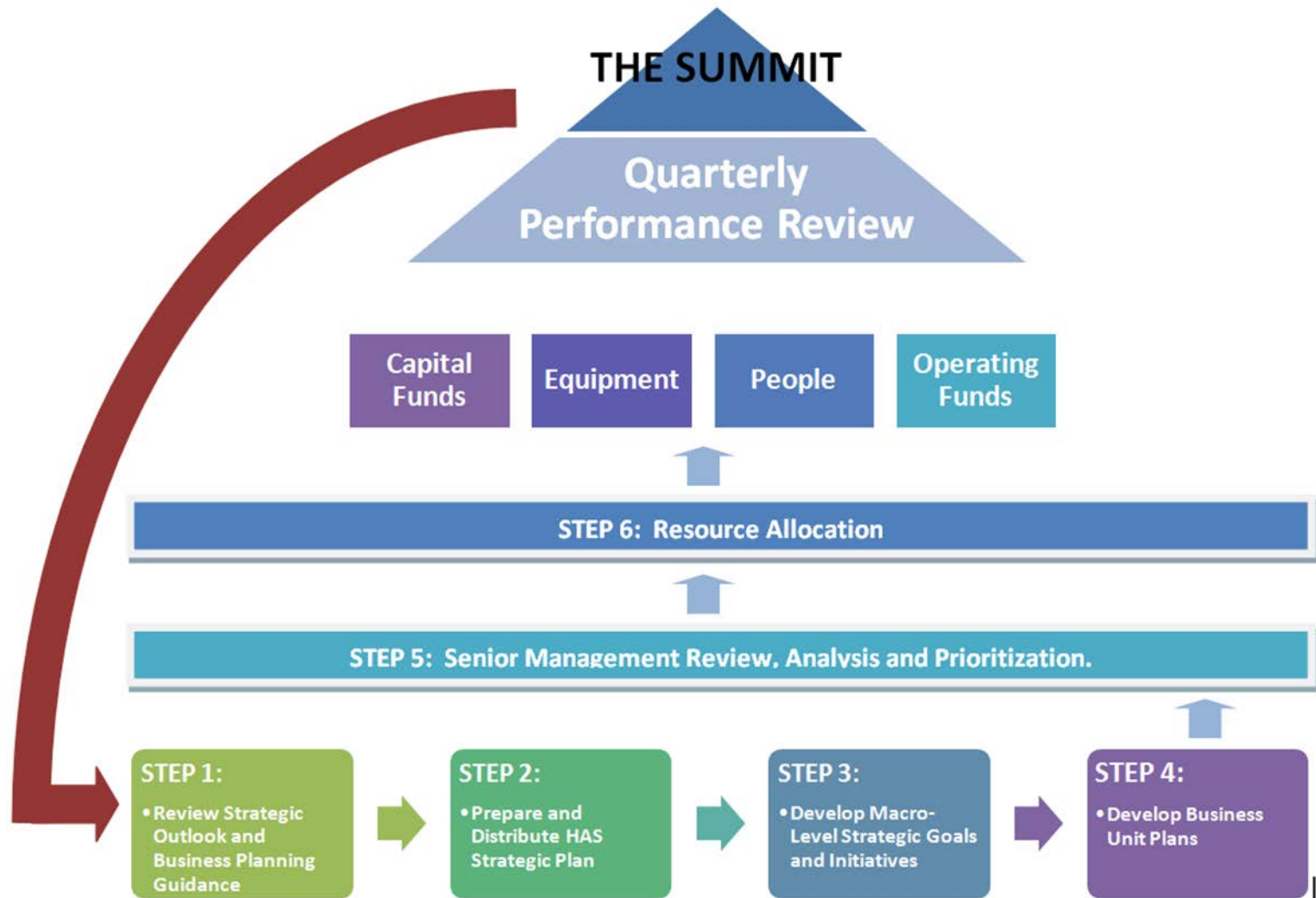
HAS strategy	CoH strategy
Build a high performance organization	Jobs and sustainable development
Serve the customer	Quality of life
Restore facilities to opening day fresh	Infrastructure
Fund the future	Fiscal responsibility

# HAS's organization is structured to execute its strategy





# Our strategy-to-budget process is designed to produce measurable outcomes



# FY 2015 ACCOMPLISHMENTS



# Record international growth continues at IAH

*New and expanded service to The Bahamas, Chile, Costa Rica, El Salvador, Honduras, Mexico, Nicaragua, Norway, and the United Arab Emirates.*

**volaris**



**UNITED**



**Emirates**



**\* interjet**

*Spirit makes IAH its second busiest international gateway with nonstop flights to 7 Latin American destinations.*

- Cancun, Mexico
- Los Cabos, Mexico
- Managua, Nicaragua
- San Jose, Costa Rica
- San Pedro Sula, Honduras
- San Salvador, El Salvador
- Toluca, Mexico

**spirit**  
airlines

# ITRP launches with groundbreaking for New C-North



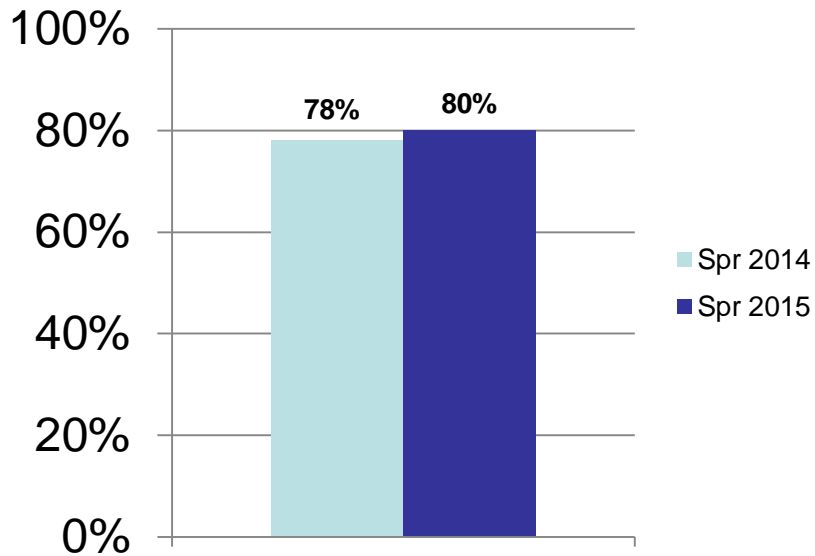


# HOU international terminal remains on-time and on-budget

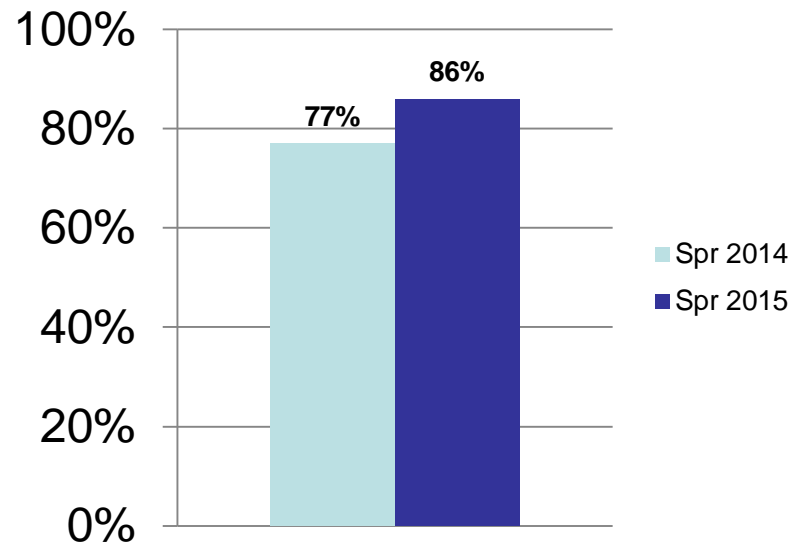


# Passenger satisfaction is up with focus on making facilities clean and inviting and expanding services

**Overall Satisfaction  
IAH**



**Overall Satisfaction  
HOU**



# Other FY 2015 accomplishments

*New concession program to increase customer satisfaction and revenues.*



*With free WiFi, HAS continues to add services passengers want.*



*HACEC to contribute to a better educated, more skilled Houston-area workforce.*





# FY 2016 INITIATIVES



# Southwest to serve 9 international destinations from HOU in October



# New parking garage and roadways to improve customer service at HOU



# The march of new airlines and services continues at IAH

**June 12:** Second daily nonstop to **Tokyo** on United partner ANA reflects IAH's growth as Star Alliance Latin American gateway.



**September 8:** WestJet nonstop to **Calgary** provides passengers more options to important business market.



**June 19:** EVA nonstop to **Taipei** provides convenient connections to Southeast Asia.

**December 15:** Air New Zealand nonstop to **Auckland** makes IAH only airport in North America with service to all continents.



ecopark



**2016:** EcoPark 2 will provide travelers entering from Will Clayton Blvd. new economy parking options, including covered spaces.



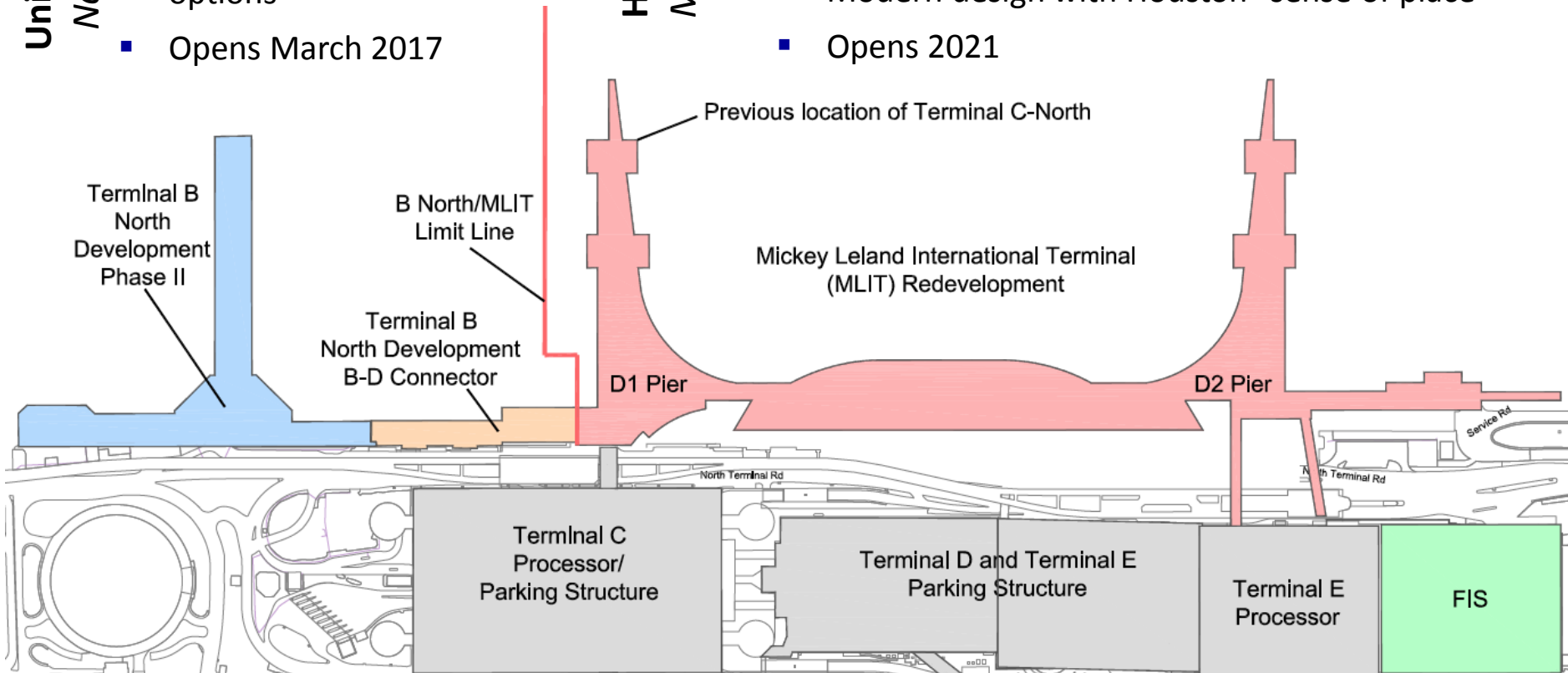
# ITRP enabling projects get under way at IAH

## United's scope: New C-North

- \$244 million, 11-gate facility
- 250,000 sq ft (100,000 sq ft larger than existing C-North)
- 20 new dining and retail options
- Opens March 2017

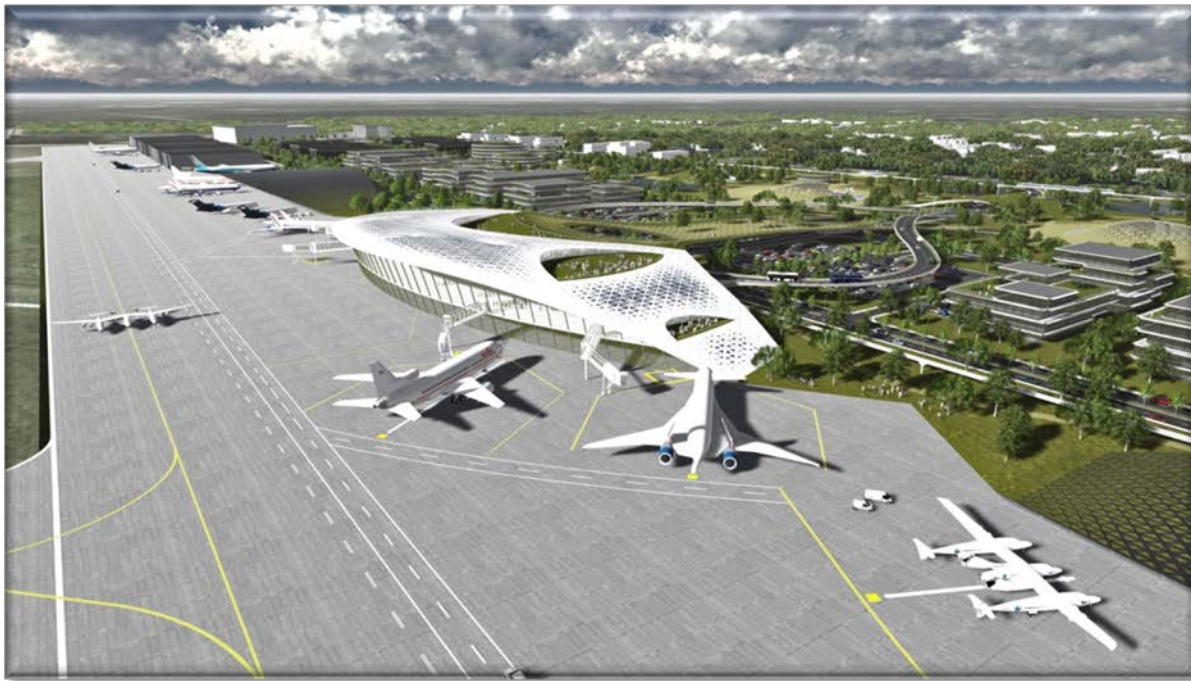
## HAS's scope: MLIT and FIS expansion

- \$900 million, 800,000-sq ft, 15-gate facility (incl 4 A380 gates)
- \$250 million, 70,000-sq ft expansion to FIS and 2,400 new parking spaces
- Modern design with Houston "sense of place"
- Opens 2021





# Ellington expected to receive spaceport license by June 2015

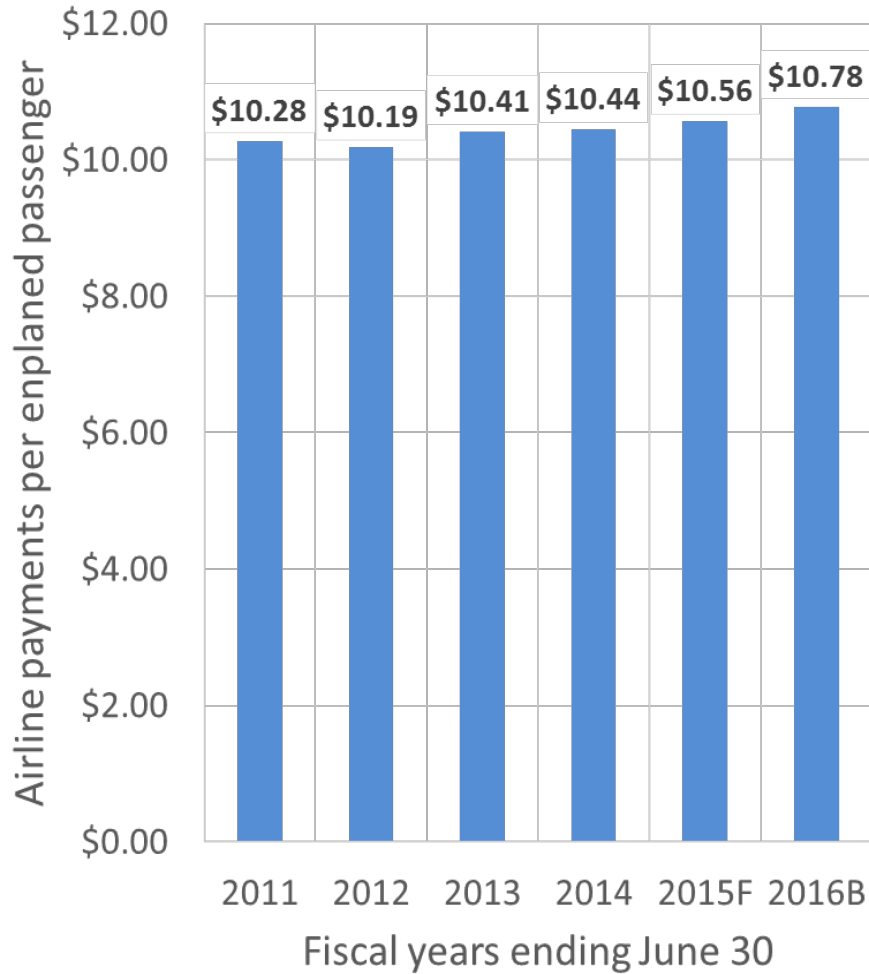


# FINANCIAL UPDATE AND PROPOSED FY16 BUDGET

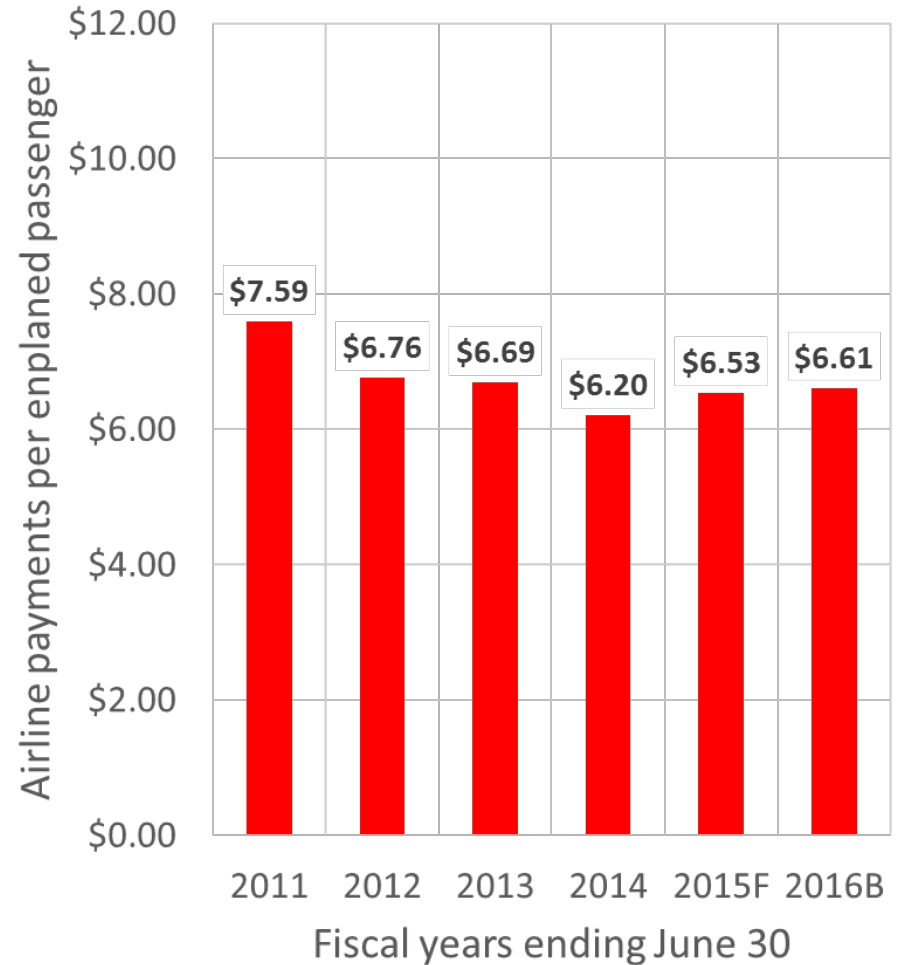


# Both IAH and HOU have competitive airline costs

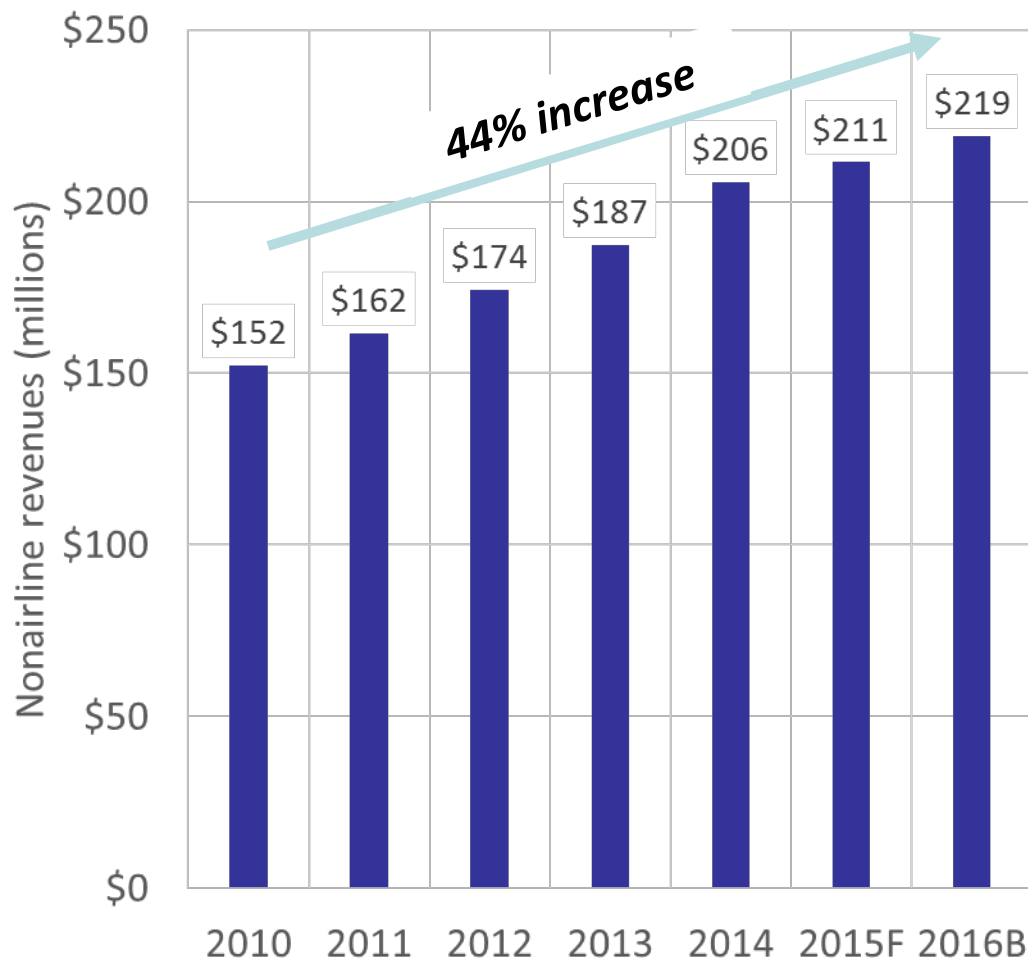
## IAH



## HOU



# Nonairline revenues have increased by 44% by expanding service offerings



Note: Excludes nonoperating revenues (included in nonairline revenues on slide 24).





# Budget Summary—All Funds (in millions)

Fund	Revenue FY15 Current Budget	Revenue FY16 Proposed	Chg \$/%	Expenditure FY15 Current Budget	Expenditure FY16 Proposed	Chg \$/%	Fund Balance FY15 Budget	Fund Balance FY16 Prop.
<b>Revenue (8001) *</b>	\$484.6	\$501.7	\$17.1 / 3.5%	\$304.5	\$299.7	-\$4.8 / -1.6%	\$0	\$0
<b>Capital Outlay (8012) **</b>	19.3	21.4	2.1 / 10.9%	19.3	21.4	2.1 / 10.9%	0	0
<b>Total</b>	\$503.9	\$523.1	\$19.2 / 3.8%	\$323.8	\$321.1	-\$2.7 / -0.8%	\$0	\$0

\* - Excludes debt service and transfers that, when summed with M & O expenses, cause Fund 8001 to have a balance of zero. Amounts exclude net pension obligation and other post-employment benefits.

\*\* - Revenues for the Capital Outlay Fund are transfers from the Revenue Fund.

# Total Revenues by Fund (in millions)

Fund Name/ Number	FY14 Actual	FY15 Current Budget	FY15 Estimate	FY16 Budget	Change \$/% FY16 Bud./FY15 Est.
Revenue (8001)					
Airline	\$248.7	\$273.6	\$260.3	\$276.3	<b>\$16.0/6.1%</b>
Non-airline	212.1	211.0	224.3	225.4	<b>1.1 / 0.5%</b>
Subtotal 8001	\$460.8	\$484.6	\$484.6	\$501.7	<b>\$17.1/3.5%</b>
Capital Outlay (8012)	10.7	19.3	19.3	21.4	<b>2.1/10.9%</b>
<b>Total</b>	<b>\$471.5</b>	<b>\$503.9</b>	<b>\$503.9</b>	<b>\$523.1</b>	<b>\$19.2/3.8%</b>

# FY 2016 revenue highlights

## **Fund 8001:**

An increase of \$17.1M for FY16 budget v FY15 estimate

### **Airline Revenue:**

Increase of \$16.0M driven by increase new use fees for the HOU FIS facility and increased fees attributable to the Terminal C net lease

### **Nonairline Revenue:**

\$1.1M increase in parking revenue (new parking garage at HOU and ecoPark2 at IAH), car rental revenues and other concession revenues, mostly offset by Terminal C Net lease shift of concession revenues

## **Fund 8012:**

An increase of \$2.1M driven by vehicle replacement

# Total Expenditures by Fund (in millions)

Fund	Expenditure FY14 Actual	Expenditure FY15 Current Budget	Expenditure FY15 Estimate	Expenditure FY16 Proposed	Chg \$/% FY15 vs FY16 <sup>1</sup>	FTEs FY15 Budget	FTEs FY16 Prop.
Revenue (8001) *	\$268.6	\$304.5	\$277.4	\$299.7	-\$4.8 / -1.6%	1,404.5	1,300
Capital Outlay (8012)	10.7	19.3	19.3	21.4	2.1 / 10.9%		
Total	\$279.3	\$323.8	\$296.7	\$321.1	-\$2.7 / -0.8%	1,404.5	1,300

\* - Excludes debt service and transfers that, when summed with M & O expenses, causes Fund 8001 to have a balance of zero. Amounts exclude net pension obligation and other post-employment benefits.

1 - FY15 Current Budget vs. FY16 Proposed Budget expenditures



# FY 2016 Expenditure Highlights

## **Fund 8001:**

Decrease of \$4.8M for FY16 Budget v FY15 Current Budget:

### **Personnel:**

A decrease of \$2.7M driven by an increased vacancy factor of 104.5 FTE's but mostly offset by increased pension and health care costs as well as full year impact of salary adjustments

### **Supplies:**

An increase of \$0.5M driven by various minor increases

### **Other Services and Charges:**

A decrease of \$2.6M driven by completion of infrastructure assessment studies in FY15 but partially offset by increases in security related costs (exit lane control and CBP 560) and public safety costs

### **Non-Capital Equipment:**

An increase of \$0.07M driven by various minor increases

## **Fund 8012:**

An increase of \$2.1M driven by vehicle replacement primarily for public safety (Fire and Police), a new mobile emergency vehicle for HAS use (\$0.8M) and additional Automated Passport Control kiosks (\$0.6M)

# FY 2016 Performance Measures

Customer Measures	Priorities	FY14 Actual	FY15 Budget	FY15 Estimate	FY16 Budget
Percentage of passengers clearing customs and border protection within 30 minutes	Q	n.a.	80%	86%	80%
Percentage of passengers clearing TSA checkpoints within 12 minutes	Q	n.a.	95%	96%	95%

Financial Measures	Priorities	FY14 Actual	FY15 Budget	FY15 Estimate	FY16 Budget
Debt service coverage ratio	F	1.59	1.45	1.62	1.52
Airline Cost per Enplanement (CPE) for HOU	F	\$6.20	\$7.02	\$6.53	\$6.78
Airline Cost per Enplanement (CPE) for IAH	F	\$10.44	\$10.97	\$10.56	\$10.77